eCityGov Alliance Financial Policies

Approved June 27th, 2014

Revised August 26, 2015

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Overview

The eCityGov Alliance (Alliance) was formed in 2001 by cities located in the Puget Sound region of Washington State. The cities come together to form an inter-local agency with a mission of providing Web-based services to their constituents. An Interlocal Agreement (ILA) provides the basis for this partnership. By-laws have been established to guide the business of the Alliance. These financial and operating policies work in concert with the ILA and By-laws.

The Executive Board is the governing body of the Alliance and as such is final authority for the establishing and monitoring of these policies. The Executive Director is responsible for the implementation and administration of this policy.

1) Authorization

a) *Authorization Policy:*

1) The Executive Board shall adopt new policies and/or change existing policies at anytime it determines it is necessary to do so.

b) *Practice (Authorization):*

1) Financial policies will be reviewed during the budget development and adoption process.

2) Fiscal Stewardship

a) *Fiscal Stewardship Policies:*

1) The Alliance shall be managed in a responsible and fiscally sustainable manner, in accordance with applicable laws, standards, financial practices and these Financial Policies.
2) Restricted revenue (and associated expenses), based on applicable local and state law, is managed separately from unrestricted revenue (and expenses).

b) *Practice (Fiscal Stewardship):*

1) These policies ensure that Partner, Subscriber, Permit, and Vendor fees are managed properly.
2) Funding comes from multiple sources, with the primary sources being Partner Fees, Subscriber Fees, Development Services Permit Fees, and Vendor-paid fees. These fees are established during the budget process and approved by the Executive Board.
3) It is incumbent on the Executive Director and the Fiscal Agent to provide professional fiscal management of Alliance funds and resources. This requires thorough knowledge of and conformance with the municipal financial management processes and systems as

well as applicable laws and standards. It also requires on-going monitoring of revenues and expenses in order to make decisions and report to the Executive Board, as needed, regarding the status of Alliance finances.

4) The Executive Director negotiates a service level agreement (SLA) with the Service providers to ensure services are consistently provided and coordinated with these Financial Policies.
5) All expenditures, including proposed budget adds and deletions, are documented in the budget process and are approved by Executive Board.
6) Unless otherwise directed, City of Bellevue financial practices will be used as the basis for fiscal stewardship.

3) Biennial Budget

Starting with the 2015-2016 budget periods, the Alliance shall create a biennial budget. This budget will be developed by the Executive Director, with the assistance of the Fiscal Agent, and presented for final approval to the Executive Board by September 15th of the year prior to the start of the next biennium. After approval by the Executive Board the budget will be "locked down", with no further changes.

A mid-biennium review is required. The Executive Director, with the assistance of the Fiscal Agent, must provide an update to the Executive Board on the financial standing of the 2nd year of biennium budget, no later than August 15th of the 1st year. Adjustments to the budget can be recommended by the Executive Director or any Executive Board member. Adjustments to mid- biennium budget are at the Board's discretion. Any mid-biennium changes must be approved by the Executive Board by September 15th.

Changes made during a mid-bi budget process will become effective January 1st of the following calendar year.

4) Expense Allocation

The Alliance has a business need to allocate direct and shared expenses between program areas. Program expense allocation is important both from a budget development, budget monitoring, and management perspective. It assists in establishing a cost basis for each program. Annual fees are calculated from an established program cost basis.

The purpose of this policy is to provide guidelines and parameters for allocating expenses to each Alliance program. The expense allocation methodology should be clear, concise, and easily understood.

a) Allocation Policies:

1) Direct Expenses: expenses that are specific to an individual program and as a result are not shared with other Alliance programs. Examples include vendor licenses, contract services and dedicated staff support such as the SharedProcurementPortal.com (SPP) back office support. Expenses in this category are entirely charged to the respective program.

2) Shared Expenses: expenses that are shared by all programs. These will be allocated as follows:
    i. MBP: 50% of the total expense
    ii. All other Applications: 50% shared equally

   These allocation percentages will be re-evaluated during the budget process and changes proposed as necessary.

3) Limited Shared Expenses: expenses that are shared among a limited number of programs. In these cases the entire expense shall be distributed proportionally among the appropriate program budgets. Proportional distribution shall be relative to the size and usage relative to the other programs involved.
4) Special Projects: From time to time the Alliance, at the direction of the Executive Board, undertakes special projects which incur additional costs. In the case of special projects the expense allocation and overhead rates shall be established at the time the Board authorizes the project.

b) Practice (Allocation):

1) Service Level Agreement expenses can be potentially any component of the Expense Allocation policy depending on the cost and how it is incurred by the provider. The Provider will itemize costs so they can be allocated via this policy.
2) Distribution of Alliance Program Expenses for Investment Budgets: In general investment expenses associated with specific program investments are allocated 100% to the appropriate program. Exceptions may occur when a portion of the investment funding changes and/or benefits one or more other Alliance programs. When appropriate, these expenses may be proportionally allocated among the effected programs.
3) Special Projects expense allocations may be independent of the existing Alliance expense allocation policy and should be treated as such unless otherwise directed to by the Executive Board

5) <u>Revenue and Fees</u>

The Alliance has a business need to proactively manage the fees and revenues needed to operate and sustain established programs and services for the benefit of member jurisdictions and public constituent users. Alliance programs are funded through a combination of Partner fees, subscriber jurisdictions who pay a fee for services, and in a limited number of cases, end user fees for services. Other sources of revenue may include, but are not limited to, grants, interest, special member assessments and donations.

The purpose of the Revenue Management and Fee policies are to serve as the foundation for financial planning in order to ensure the sustained operation and management of Alliance programs. The policies are intended to ensure that programs will be adequately funded to provide:

- Reliable and sustained resources for core operations, services, and reserves
- Predictable and stable partner and subscriber fees and rates
- Resources to continue program improvements to benefit customers, including to provide funding for planned system upgrades and enhancements
- Ensure appropriate use and allocation of revenue

a) *Revenue Management Policies:*

1) Alliance revenues may come from a number of sources, some of which may be subject to implied or legal restrictions. Revenues will fall into one of the following categories:
2) Unrestricted Revenue: Alliance revenues derived through fees and charges paid directly by member jurisdictions (for services), including, but not limited to, annual fees, intellectual property payments, interest and other general revenues shall be classified as unrestricted revenues.
3) Restricted Revenue: these revenues shall be limited to funding and supporting the program or service for which the fees were collected. Alliance restricted revenues may include, but are not limited to:
   i. Fees paid by citizens and businesses for specific services
   ii. Program or service specific grant(s) or donation(s)
   iii. Special program or project assessments
   iv. Revenues and fees which are legally restricted

b) *Fee Policies:*

1) Program fees shall be adopted by the Executive Board as part of the biennial budget process. The Alliance will forecast and analyze the budget, and associated fees, over a six year period for the overall Alliance Budget as well as by program area, to ensure the long-range impact of decisions are reviewed.
2) Program fees at the direction of the Executive Board may be established separately by program, by Agency, or by agreement with the Alliance (e.g.: Partner or Subscriber agreements).
3) All partners and subscribers of the Alliance will receive the adopted fee schedule within 30 days of adoption and no later than October 1st
4) Partnerships, Grants and Other Special Circumstances:
   i. Negotiated revenue agreements with an annual value up to $50,000 must be approved by the Operations Board.
   ii. Negotiated revenue agreements with an annual value exceeding $50,000 must be approved by the Executive Board.
5) Implementation Fees for MybuildingPermit.com

i. A Flat-Fee for initial cost recovery will be charged based on an estimate negotiated with the new subscriber to implement MBP. This estimate will be based on the new jurisdiction's size and complexity. Alliance staff would use past experience to estimate average actual cost to implement a new jurisdiction. The flat-fee would be included as an upfront cost when jurisdictions join MBP as part of their new subscriber agreement.

ii. With Executive Board approval, the Executive Director can negotiate an implementation payback plan as an incentive to attract new business.

c) *Practice (Revenue and Fee):*

1) Primary application and management of the Revenue and Fee Management Policy shall be through the biennial Alliance budget process. Adjustments can be made at the mid-bi if directed by the Executive Board. The Program Fee and Revenue forecast shall be updated during the budget process and recommended changes communicated to the program Management Committees, Operations and Executive Boards.

2) Variations in actual revenues which would adversely impact Alliance operations or that are in significant excess of revenue forecasts shall be promptly forwarded to the Alliance Boards for review and possible action.

3) Unrestricted revenues may be allocated by the Executive Board for any legitimate Alliance program or use, including but not limited to the following business purposes:

   i. Sustain and support on-going programs and services, including marketing activities to end users.
   ii. Make investments in programs to update applications, enhance functionality and improve services
   iii. Create new programs
   iv. Support research which could further Alliance and/or Partner member goals and objectives
   v. Establish and sustain program reserves
   vi. Pay back Partner member program investments

4) Restricted fee revenues may be used for the following business purposes associated with the program that generated the revenue:

   i. Sustain and support specific programs and services
   ii. Make investments in a program(s) to update applications, enhance functionality and improve services
   iii. Support research which could further Alliance and/or Partner member goals and objectives associated with the program(s)
   iv. Establish and sustain program specific reserves
   v. Pay back Partner member program investments

5) MBP Implementation fee practices:

i. Create three different levels of implementation costs: small, medium, and large. Estimate these costs, building a calculator that can be reused depending on different variables.

ii. Modify the subscriber agreement template to facilitate collecting the implementation fee

6) Subscriber Agreement Policies:

a) *New Subscriber Policies*

1) Negotiated revenue and subscriber agreements with an annual value up to $50,000 can be approved by the Executive Director. See 5.a.3 below.
2) Negotiated revenue and subscriber agreements with an annual value exceeding $50,000 must be approved by the Executive Board.
3) All requests will include a cost/benefit analysis to indicate the overall value the new subscriber brings to the Alliance as well as an analysis of the on-boarding / implementation costs vs. the revenue received. If the Executive Director is approving this, the cost/benefit analysis will be shared with the Operations Board to ensure proper feedback occurs before a final decision is made.
4) New Subscriber rates shall be calculated or negotiated from the same cost basis or rate table used for the applicable calendar year. The Executive Director may negotiate a pro-rata fee for new Subscriber members wishing to join mid-year.
5) Adopted fee schedule revenue and subscriber agreements may be executed by the Executive Director. The Director is authorized to negotiate implementation schedules and adjust first year subscription rate(s) accordingly.

b) *Practice (New Subscriber):*

1) The policy above is intended to streamline decision making. Regardless of the agreement amount, in a limited number of cases adding a new Subscriber member(s) may require review and approval by the Alliance Executive Board. These cases include, but are not limited to:
    i. Very large jurisdictions which require negotiated annual fee(s)
    ii. Situations in which adding a new Subscriber member(s) would adversely impact existing work plans and/or budget
    iii. Exceptions to the established fee schedules
    iv. Potential Subscriber member(s) outside the State of Washington
    v. Other special circumstances which fall outside of established procedures
2) Adding new Alliance Subscriber members during the calendar year normally will not require formal changes to the Alliance budget in the year they are implemented.

c) Existing Subscriber Policies

1) Subscriber Notice per Agreement: The Executive Director approves Subscribers terminating their agreement for services when following the agreement language for termination.
2) Subscriber Notice for Early Termination: The Operations Board must approve Subscriber requests for early termination.

d) Practice (Existing Subscriber):

1) Subscriber Notice for Early Termination: The existing practice, if the Operations Board approves early termination of an agreement, is to pro-rate the invoice as of the date of the request.

7) Reserves

a) Operating Reserves for Unrestricted Programs (GovJobsToday; MyParksandRec; NWMaps; and NWProperties) and the Shared Procurement Portal Policies

1) Operating reserves are established to provide a financial mechanism to limit risk in the short and long term by providing flexibility in emergencies, and/or mitigating impacts from changes in the economy that can cause dramatic swings in program and service costs.
2) For Operating reserves shall be targeted at 10% of total Operating expenditures (not including investments).
3) Insufficient Reserves: when reserves fall below the target, the Executive Director will note that as part of the budget process and make recommendations to the Executive Board to bring reserves back in line with the target.
4) Excess Reserves:
    i. If revenue exceeds budget or expenditures are less than budget for the biennium, this may result in excess reserves. Excess reserves will be any amount greater than reserve policy above that is not attributable to extenuating circumstances or special purpose needs (such as rollover expense from one year to the next for items budgeted but not paid until the following year). The use of excess reserves for special purpose needs will be approved by Executive Board
    ii. Excess operating reserves that are not attributable to special purpose needs will be brought to the Executive Board during the budget process to determine the most appropriate use of these funds.
    iii. Excess reserves from restricted sources will be treated as a restricted revenue.

b) *Practice (Reserves for Unrestricted Programs):*

1) The potential options for the use of excess reserves, with approval from the Executive Board, include: future investments; unique, one time expenditures; and refunds to

partners. Options for excess reserves may include, but are not limited to:

i. program(s) to update applications, enhance functionality and improve services
ii. research to further Alliance and/or Partner member goals and objectives associated with the program(s)
iii. new programs to diversify Alliance services
iv. service(s) or technologies to enable the Alliance to meet broader financial and program-level goals
v. reduction of future partner, subscriber, or user fees

c) *Operating Reserves for MyBuildingPermit.com - Policies*

Economic conditions and development activities can and do result in significant variations in development services revenues for Alliance partners and subscribers of MyBuildingPermit.com (“MBP”). As a result the Alliance has a business need to proactively manage the resources needed to sustain and improve the MPB program over a multi-year time horizon. These policies are intended to ensure that the MBP program will be positioned to provide:

- Reliable and sustained services through economic and development cycles
- Maintain predictable and stable membership rates
- Ensure appropriate use of development services revenue

1) Operating reserves are established to provide a financial mechanism to limit risk in the short and long term by providing flexibility in emergencies, and/or mitigating impacts from changes in the economy that can cause dramatic swings in program and service costs, including adequate program funding during periods where development activity has slowed and revenues have dropped below expenses.
2) Operating reserves shall be targeted at 50% of total Operating expenditures (not including investments).
3) Insufficient Reserves: when reserves fall below the target, the Executive Director will note that as part of the budget process and make recommendations to the Executive Board to bring reserves back in line with the target.
4) Excess Reserves
   i. The use of excess reserves for special purpose needs will be approved by Executive Board
   ii. Excess operating reserves that are not attributable to special purpose needs will be brought to the Executive Board during the budget process to determine the most appropriate use of these funds.
5) Washington State law requires that development services revenues be dedicated to support the development services function. Excess reserves from MBP will be treated as a restricted revenue and used for MBP purposes
6) Use of operating reserves to supplement agreed-upon annual budget allocations by one or more jurisdictions must be approved by the Executive Board with a negotiated payback not to exceed five years from the year of reserve funds usage. Succeeding

annual allocations will restore all or a portion of used operating reserves until 100% of reserves have been repaid within the five-year timeframe. Any variation from this policy must be explicitly approved by the Executive Board.

d) *Practice (MBP Operating Reserves):*

1) The potential options for the use of excess reserves, with approval from the Executive Board, include :
   i. future investments,
   ii. unique, one time expenditures
   iii. refunds to partners and/or subscribers
2) The primary application and management of this policy shall be through the biennial Alliance budget process.
3) Operating Reserves may fund:
   i. Startup costs for system and process integration when implementing new MBP member jurisdictions
   ii. Address funding needs to address cash flow for short term deficits by agencies
      i. If a single agency requests the use of operating reserves to assist in meeting their fee obligation, they will put the proposal in writing.
      ii. If approved, the Executive Director will execute a contract between the agency and the Alliance documenting the terms of the agreement including the agreed upon payback obligation.
   iii. Support research and development efforts that will enhance services, improve efficiency, or facilitate growth of the MBP organization, benefit customers and/or member jurisdictions
   iv. Respond to unexpected needs for funds - e.g. matching funding for grant supported project with time sensitive commitments.

e) Investment Policy for Unrestricted Programs (GovJobsToday; MyParksandRec; NWMaps; and NWProperties), Shared Procurement Portal, and My Building Permit

1) It is the policy of the Alliance to preserve the principal of investments while maintaining liquidity to meet the Alliance's need for cash and maximizing investment returns. The primary objectives for the Alliance's investments, in order of priority, are as follows: safety, liquidity, and yield.
2) The City of Bellevue is the Fiscal Agent for the Alliance. Therefore, the Alliance has adopted the City of Bellevue's Investment Policy, where temporary cash surpluses are invested. The monies from all City funds are internally pooled for investment purposes and interested earned on the pooled investments is prorated to individual funds on the basis of their average cash balance.
3) The Alliance's investment policy limits the type of securities available for investment to maintain relatively low-risk investments. Securities available for investment include:

obligations of the U.S. government or its agencies, obligations of government-sponsored corporations, banker's acceptances, interest bearing bank deposits, commercial papers, certificates of deposits, repurchase agreements, and in the Local Government Investment Pool (LGIP).

4) Annual review and reporting:
    i. The Executive Director, with the assistance of the Fiscal Agent, will provide the Executive Board a report on investments at the end of each fiscal year.
    ii. The Executive Director, with the assistance of the Fiscal Agent, will include the Investment Interest in the revenue section of the budget monitoring document, which is disseminated each month to the Executive Board.
    iii. The Alliance's investment policy will be reviewed and disclosed in the annual audit.

8) Purchasing

The Alliance Executive Board adopted the City of Bellevue Purchasing Policy, with appropriate modifications, on January 10, 2008.

Purpose: The purpose of this policy is to identify and outline appropriate modifications to the Bellevue purchasing policies for the Alliance. For the purposes of the Alliance the following authorities shall supersede the authorities provided for by the Bellevue policy.

a) Purchasing Policy

1) Contract Approval Authorities: the "City Council" shall be the Alliance Executive Board
2) City Manager, Finance or other department director(s) shall be the Alliance Executive Director with the following provisions;
    i. Expenditure contracts up to $50,000 may be executed by the Executive Director.
    ii. Expenditure contracts exceeding $50,000 shall be reviewed and approved by the Chair of the Executive Board
    iii. All contract activity will be reported to the Boards on a monthly basis.
3) Business Expense Policy
    i. The Executive Director is responsible for administration of the Business Expense Policy.
    ii. The purchase of meals, food and out of area travel expenses must be pre-approved, in writing, by the Executive Director. The Executive Director shall inform the Chairs of the Operations and Executive Board of any out of area business travel or other extraordinary business expenses.
4) Exceptions
    i. Exceptions to the Business Expense Policy require the written approval of the Chair of the Executive Board or in the case that the Chair is unavailable, an Executive Board member or the Chair of the Operations Board.

5) Definitions
    i. Employees shall mean the employees of any Alliance member government agency
6) Periodic Policy Updates and Review
    i. Updates and modifications of the Bellevue Purchasing Policy shall be adopted automatically, unless specific action is taken by the Executive Board.
    ii. Alliance use of the Bellevue Purchasing Policy is subject to procedural oversight by the Bellevue Finance Department as the fiscal agent for the Alliance.

9) Accounts Receivable

The City of Bellevue serves as the fiscal agent and IT host for the Alliance. The Alliance Executive Board adopted the City of Bellevue Purchasing Policy, with appropriate modifications, on January 10, 2008.

The Alliance is supported by annual member fees and other funding sources. Alliance member agencies are bound by agreement to pay the annual member fees unless adequate notice is provided or the parties to the agreement(s) mutually agree to an early termination.

This policy was adopted on August 12, 2010

a) Write-off Policy:

1) All Alliance accounts receivable accounts which are over one year old and deemed to be uncollectible by the Alliance Executive Director shall be forwarded to the Operations and/or Executive Board for final disposition. An account shall not be recommended for write-off unless all cost-effective means of collection have been exhausted.
2) The Executive Board is the governing body of the Alliance and as such as final authority for the Accounts Receivable Write-off Policy. The Executive Board delegates authority to execute this Policy as follows:
    i. Account receivable write-off approvals for amounts less than $5,000 may be made by the Alliance Operations Board.
    ii. Account receivable write-off approvals for amounts greater than $5,000 shall be made by the Alliance Executive Board.
3) Alliance customers are typically government agencies and non-payment is not due to bankruptcy, insolvency, etc. Therefore, there is no allowance for bad debt or uncollectable accounts at this time. On occasion an adjustment or disputed amount may be written off, with Executive Board approval.

b) Practice:

1) Accounts receivable write-offs shall be documented in an Agenda Memo directed to the Executive Board, including:
    i. Agency Name
    ii. Agency Contact/representative
    iii. Amount

iv. Invoice Date

v. Account Status/Reason

2) If a collection agency was not used, attach a copy of the “diary” information showing collection efforts for the delinquent account.

3) In cases which the delinquent account involves an Alliance subscription service or delivery of other services, the Alliance may take some or all of the following steps in accordance with the provisions of the subscriber or other agreement:

   i. Terminate agency user accounts and access to the affected Alliance service(s).

   ii. Agency data will be retained by the Alliance as prescribed by the State Records Retention Act.

   iii. Any public access to agency data may be terminated.

   iv. Withhold other deliverables in accordance with contractual agreement(s) until such time that the accounts receivable issue is resolved.

4) If an accountholder is making payments over time subject to a collection agreement, or if there is other evidence of intent to pay, the account should not be written off.

5) The write-off process does not change the accountholder’s legal responsibility to pay; it merely acknowledges that the Alliance sees no value in further collection efforts. Accordingly, if an account that was previously written off shows renewed potential for payment, the Alliance may reinstate the receivable and resume collection efforts.

6) Agencies wishing to re-subscribe to the Alliance service(s) for which there was a delinquent or unpaid account receivable and/or subscribe to a different Alliance service(s) must first fulfill the original fiscal obligation unless the obligation is otherwise settled and approved the Executive Board.

7) Note regarding collection procedures: The City of Bellevue account receivable collection procedures does not include assignment of public or semi-public agency delinquent accounts to a collection agency.

c) Membership Fees Paid by Credit Card:

8) Accounts receivable for jurisdiction membership fees are collected by check and credit cards. To prevent heavy credit card finance charges, the eCityGov Alliance limits membership fees via credit card to $2,000.

(The Alliance Executive Board revised the Account Receivable Policy January 29, 2015.)

10) Jurisdiction (Partner and Subscriber) Responsibilities

a) Jurisdiction Fiscal Policy

1) All costs associated with interfaces that run on the jurisdiction’s systems are the financial responsibility of that jurisdiction.

2) All changes to Alliance hosted/developed interfaces that are driven by changes to the back end systems of a jurisdiction must be coordinated by that jurisdiction with the Alliance. Associated costs will be determined by the Alliance and are the responsibility

of the requesting jurisdiction or jurisdictions that benefit from the changes. Changes that result in significant impact to Alliance work plans must be approved by the program committee and Operating Board.

3) All resources necessary to support the jurisdiction's implementation of new or improved functionality, from a technical or business perspective, are the responsibility of the jurisdiction. This includes internal coordination/communication within the jurisdiction to plan for fiscal expenses, business process reengineering as well as configuration, testing and technical implementation.

Attachment A: Subscriber Rate Methodologies

Program/Portal	Methodology
MyBuildingPermit	Use a 5 year rolling average of historical permit revenue actuals (as defined below) to determine a jurisdiction's percentage share of the total expenses for MBP. Apply that percentage to the expenses (which may include investments) for the biennium budget period to determine the jurisdiction's obligation. The rolling 5 year average will be used to set both years of the biennial budget. At the direction of the Executive Board, a mid-biennial adjustment may occur. In this case, the rolling 5 year average will be adjusted with the latest information (to the end of the last full year that data exists).
NW Maps	scale based on population thresholds: • 0-25K: $4,900 • 25K-50K: $6,000 • 50K (and more): $13,000 Special Purpose Gov't negotiated
NW Properties	scale based on population thresholds: • 0-10K: $700 • 10K-25K: $2,300 • 25K-50K: $3,400 • 50K-75K: $6,000 • 75K (& more): $7,200 Special Purpose Gov'ts negotiated
GovJobsToday	scale based on population thresholds: • <10K: $1,500 • 10-25K: $3,300 • 25K-50K: $5,000 • 50K (and more): $7,500 Special Purpose Gov'ts negotiated
MyParksandRec	rate per 5K population increments, rounded to the nearest $1K, based on existing budget (established by Rick). • To determine the incremental rate: o Total population of all the partners: 395,000 o Total number of 5K increments (395000/5000) = 79 o Total expense budget for MPR in 2014: $97,000 o Cost per 5K population increment: $1228 Subscriber example: City with population of 55,840: o Total number of 5K increments: 11.168 o Gross quote: 11.168 x $1228 = $13714 o Rounded: $14,000

<table>
<tr><th>Program/Portal</th><th>Methodology</th></tr>
<tr><td>Shared Procurement</td><td>
There are three components (depending on functionality). The first two are related to our contract with perfect commerce: 1) for the base functionality (1-16 in the contract) and 2)for the additional functionality (17-22 in the contract):
Base Functionality: $500 per $5M in GF Expense (or the equivalent) – see the table for examples.
<table>
<tr><th colspan="2">General Fund Expense Budget</th><th>For functions 1-16</th></tr>
<tr><th>From</th><th>To</th><th>Fee</th></tr>
<tr><td>0</td><td>4,999,999</td><td>$500</td></tr>
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Etc.
Additional Functionality: the arrangement for this functionality is as follows:
<table>
<tr><th colspan="2">General Fund Expense Budget</th><th>For functions 17-22</th><th></th></tr>
<tr><th>From</th><th>To</th><th>Fee</th><th></th></tr>
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<tr><td>100,000,000</td><td>199,999,999</td><td>$99,438</td><td></td></tr>
<tr><td>200,000,000</td><td>and beyond</td><td>TBD</td><td></td></tr>
</table>
The third piece is the Alliance overhead fee: 25%, with a minimum overall fee, regardless of general fund expense budget, to equal the lowest others are paying (for example, in 2014, this number is $2450).

Other actions suggested:
Change the subscriber agreement for future new subscribers in such a manner that they must use the portal. This will assist in bringing vendors to the portal.
True up all subscribers so they pay the same (over time). This will negate the potential inequity of those who were “grandfathered” and those who are new.
</td></tr>
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Attachment B: MyBuildingPermit Fee Information and Process

Starting in 2015, the Alliance MBP fee methodology will be as follows:

> Use a 5 year rolling average of historical permit revenue actuals (as defined below) to determine a jurisdiction's percentage share of the total expenses for MBP. Apply that percentage to the expenses (which may include investments) for the biennium budget period to determine the jurisdiction's obligation.
>
> The rolling 5 year average will be used to set both years of the biennial budget. At the direction of the Executive Board, a mid-biennial adjustment may occur. In this case, the rolling 5 year average will be adjusted with the latest information (to the end of the last full year that data exists).

This means that the jurisdiction's MBP fee responsibility will be fixed for the biennium budget years. It also means that revenue must be reported annually so that the rolling 5 year average can be updated for each biennium. This revenue should include all of the development services functions and be net of any refunds made in the reporting period. Certain fees collected as part of the review and inspection process are exempt from this methodology. Exemptions are described below.

Fee Application and Fee Exceptions

The 5 year rolling average applies to all development related revenue regardless of whether the application is submitted online or at the counter. This methodology applies to all fees that are charged to support the review, inspection, and administration of development services. See the attached list for examples of permit types and fees.

Some fees are collected which do not support the development services function. These fees and charges occur as a result of the application, but involve fees such as impact or mitigation, bonds, LIDs, etc. Please see the attached list for examples.

Development Services Fee Examples

The MBP 5 year rolling average applies to all permits, fees and hourly charges, including, but not limited to:

- Building Permits
- Plumbing Permits
- Grading Permits
- Mechanical Permits
- Shoreline Development Permits
- Demolition Permits
- Sprinkler Plans Check
- Right of Way Permits
- Subdivision Preliminary Review
- Building Plan Check Fees
- Energy Plan Check Fees
- SEPA Review Fee
- Site Plan Review
- Notice of Appeal
- Counter Service Fee
- Boundary Line Adjustments
- Shoreline Exemption
- Short Plat Fee
- Public Works/Utilities Plan Review
- Pre-application Conference
- Public Notice Fee

Example Fee Exemptions

Certain fees imposed as part of the permitting process would be exempt from the MBP 5 year rolling average. Generally these are fees collected as part of the permitting process, but the fees are not used to support the review, issuance or inspection of community activities or development projects. These fees may include, but are not limited to:

- Mitigation and impact fees for roads, parks and/or schools
- LID assessments
- Utility connection charges
- Bonds and security deposits
- Direct service charges for copies, reference material, maps, etc.
- Business licenses
- Penalties and fines
- Investment interest
- Interfund transfers other than payment for permit fees
- Permits other than development service, such as special events
- State, MBP or other surcharge fees not used to support development service